

# THE BREAKING NEWS OF 2023

Since March 2023, Carbon4 Finance selects the three or four main news per week in sustainable finance and submits it with a poll on LinkedIn. In order to make this summary, Carbon4 Finance selected the one news which has got the maximum of votes among the others per week and summarised it all per month in this document. This paper does not take into consideration the entire amount of news in the sustainable finance ecosystem and should not be considered as the only source of information. To read more about 2024 news, follow us on LinkedIn.

## March 2023

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### EU loosens subsidy rules for green tech

The European Commission relaxed state aid rules for green tech until 2025, countering US and Chinese subsidies. The move aims to prevent business relocations and boost investments in strategic equipment. Ahead of talks with President Biden, the EU seeks a trade agreement benefiting from the US climate plan. The decision, not universally supported, aims to avoid a subsidy race.

### Synthesis of the IPCC sixth assessment report

The IPCC finalized the Synthesis Report for the Sixth Assessment Report during the Panel's 58th Session held in Switzerland. This report provides an overview of climate change knowledge, including its impacts, risks, and strategies for mitigation and adaptation, organized into three main sections: Current Status and Trends, Future Climate Change, Risks, and Long-Term Responses, and Responses in the Near Term.

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### ECB starts disclosing climate impact of portfolios

The European Central Bank (ECB) published its first climate-related financial disclosures, detailing the carbon footprint and climate risks of its portfolios thanks to Carbon4 Finance data. The disclosures show a decarbonization trend in corporate bonds under Eurosystem purchase programs, with the ECB committing to annual updates and expanding coverage to other portfolios to align with Paris Agreement goals.

see the following month



# What were the key news in sustainable finance in 2023?

## April 2023

### 1 EFRAG's reporting standards

Despite initial concerns about competition among financial standardizers, adjustments made by EFRAG indicate a move towards international convergence and alleviate the burden of multiple reporting formats.

### 2 New set of EU Taxonomy

The European Commission opened a consultation about a New Set of EU Taxonomy criteria for economic activities that contribute substantially to one or more of sustainable use and protection of water and marine resources or transition to a circular economy or pollution prevention and control or protection and restoration of biodiversity and ecosystems.

### 3 Policy options to reduce the climate insurance protection gap

In April, the Eurosystem published a policy options to reduce the climate insurance protection gap discussion paper. The paper suggests policy options such as public-private partnerships and an EU-wide natural disaster insurance scheme to address climate-related catastrophe risks.

### 4 2022 Article 29 study

The study analyzes 429 "Article 29 LEC" reports on the CTH platform in 2022, aiming to improve sustainability disclosures' quality per French regulations. Conducted by ADEME for the Climate Transparency Hub.

see the following month



## May 2023

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### Commitments to coal divestment doubled in three years

Major financial institutions globally are rapidly divesting from coal due to climate concerns. Medium-sized institutions are leading, while insurers are also abandoning coal projects. However, some of major asset managers lag in adopting robust coal exit policies.

### IEEP calls for excluding biodiversity offsets from the EU taxonomy

The Institute for European Environmental Policy (IEEP) raised concerns on the wording used in the EU Taxonomy that might allow biodiversity offsetting and called for a science-based approach in setting performance standards, urging the inclusion of agriculture and forestry in the criteria.

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### President Ursula von der Leyen speech

The speech stresses the move away from fossil fuels, citing the European Green Deal's role in fostering a sustainable and resilient economy. It emphasizes clean energy transition and upholds the values of the social market economy.

### Greenwashing investigation of the DGCCRF

The DGCCRF's survey found one in four establishments making misleading environmental claims for non-food products and services. Actions were taken, including 141 warnings and 114 injunctions, addressing the need to combat deceptive practices amid rising consumer interest in sustainable consumption..

2

4

see the following month



## June 2023

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### ESAs establish common understanding of greenwashing

European financial regulators (EBA, EIOPA, ESMA) tackled greenwashing with reports defining it as misleading sustainability claims. They identified risk areas, suggested actions like improved disclosures, and planed final recommendations by May 2024.

### European Commission boosts sustainable investments

The EU Commission unveiled measures for a robust sustainable finance framework, including updates to EU Taxonomy criteria, proposed ESG rating regulation, and transition finance guidance, aiming to enhance transparency and support companies in achieving sustainability objectives.

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### Almost 75% of bank loans to companies highly dependent on nature, says ECB

ECB's initial findings: 75% of bank loans aid firms highly dependent on ecosystem services, posing risks to credit portfolios with ongoing nature degradation.

### ISSB issues global sustainability disclosure standards

The ISSB issued inaugural global sustainability disclosure standards, IFRS S1 and IFRS S2, promoting trust in company disclosures, creating a common language for climate-related risks, and meeting global demand for consistent sustainability reporting.

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4

see the following month



## July 2023

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### Financial models on climate risk 'implausible', say actuaries

According to this article, financial institutions often underestimate climate risks due to a "disconnect" with scientists, emphasizing the need for better understanding and adherence to guidance from the International Sustainability Standards Board.

### CSRD could impact thousands of US firms

EU's climate disclosure rules, including the CSRD, may affect 3,000+ US firms, requiring emissions due diligence and sustainability disclosure. Concerns raised by US Treasury Secretary; SEC rules may not align with EU's standards.

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### EU committee agrees on mandatory transition plans

The EU Committee approves mandatory transition plans for insurers but faces criticism for controversial capital relief, accused of enabling risky investments. Calls for stronger sustainability measures and disincentives for fossil fuel investments persist.

### Most sustainable funds not aligned with EU taxonomy

Most European sustainable funds lack EU taxonomy alignment due to insufficient disclosures, with only 1.9% reporting aligned revenue, according to this report published in July.

2

4

see the following month



## August 2023

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### What's behind the rise and rise of green bonds?

Green bonds raised \$350bn in H1 2023, outpacing fossil fuel financing. Challenges include fund uncertainty and the need for a framework for resilience projects in developing economies.

### Australian new taxonomy.

The Australian Sustainable Finance Institute (ASFI) has launched the development of Australia's sustainable finance taxonomy. The Taxonomy Technical Expert Group (TTEG) will guide the process over the next 12-18 months.

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### New Zealand central bank releases climate stress test scenario

New Zealand's central bank, RBNZ, will conduct climate stress tests on major banks, evaluating their exposure to climate risks, including extreme weather events and transition costs. The tests aim to enhance banks' capabilities in managing climate-related risks beyond traditional areas like credit, market, and liquidity.

see the following month



## September 2023

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### Economists heads pledge to deliver a climate finance framework at Cop28

Economists and finance leaders plan to propose a global climate finance framework at COP28 in November, aiming to unlock private capital and address debt distress to meet the annual \$2.4 trillion investment needed for climate action by 2030. The roadmap will guide institutions in achieving their Paris Agreement goals.

### SFDR article 8/9 future

The European Commission gathered feedback on the Sustainable Finance Disclosures Regulation (SFDR), focusing on its implementation, interaction with other sustainable finance laws, and potential changes in financial product categorization in funds article 8 and article 9, seeking insights from various stakeholders.

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### US Treasury released principles for net-zero financing and investment

The US Department of the Treasury introduced Principles for Net-Zero Financing & Investment, urging consistency and best practices in financial institutions' net-zero commitments, particularly focusing on Scope 3 financed greenhouse gas emissions. The principles aim to support the implementation of these commitments.

see the following month





## October 2023

### 1 ESAs reports on PAIs in SFDR

The European Supervisory Authorities (ESAs) report a second time on voluntary disclosures of principal adverse impacts (PAI) under SFDR, citing improved compliance but noting variations. The report suggests enhanced explanations for non-consideration of PAIs and offers recommendations for the European Commission and National Competent Authorities.

### 2 MEPs approved a new voluntary standard to fight greenwashing.

MEPs approved a groundbreaking voluntary standard for the "European Green Bond" label, establishing uniform criteria for issuers and enhancing transparency. The regulation promotes sustainable investments, aligns with the EU's taxonomy, and sets disclosure requirements for companies adopting the "EuGB" label.

### 3 France's proposed Say on Climate amendment struck down

France's proposed Say on Climate amendment, mandating companies to disclose climate plans to shareholders every three years, was removed from the green industry bill before the final vote due to opposition. The amendment aimed to support investors and prevent greenwashing, but its exclusion is seen as a lack of political will for sustainable finance, according to Reclaim Finance.

see the following month



## Novembre 2023

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### Carbon Bomb data

French NGOs Data for Good and Eclaircies have developed an interactive map highlighting 422 global fossil fuel extraction sites, labeled "carbon bombs," with the highest potential CO2 emissions. The map aims to enhance transparency by connecting these sites to the companies and banks involved, addressing the lack of publicly available and reliable data in the fight against climate change.

### Fossil fuel developers excluded from French SRI label

French Finance Minister Bruno Le Maire announces updated Socially Responsible Investment (SRI) label criteria, excluding companies involved in new hydrocarbon projects like TotalEnergies, BP, and Eni. The move aims to combat greenwashing, ensure alignment with the Paris Agreement, and enhance the credibility of responsible funds, effective March 1, 2024.

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### ECB pressure on ESG rating

ECB Executive Board Member Frank Elderson calls for urgent action in sustainable finance, using the analogy of marathon running's "negative splits." Elderson highlights the financial sector's lag in adapting to climate crises, urging banks to manage environmental risks effectively. He emphasizes the need for clear strategies, regulatory consistency, and public-private collaboration.

2

see the following month



## December 2023

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### France is the first country to transpose CSRD into French law.

Starting January 1, 2024, France enforces the CSRD directive for corporate sustainability disclosure. The directive requires companies to publish annual sustainability reports covering ESG factors. Envizi, an ESG management tool, helps companies understand and comply with CSRD, facilitating data collection and report compilation.

### EU CSDD Directive

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The EU Commission applauds a new directive mandating large companies, including some non-EU firms, to conduct due diligence addressing human rights and environmental concerns in their global operations, with sanctions for non-compliance. Substantial EU companies must align with 1.5°C warming limits, pending formal approval.

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### The TCFD incorporated in IFRS

The renowned Task Force on Climate-related Financial Disclosures (TCFD) concludes its work and is absorbed by the IFRS Foundation, aligning with the consolidation of private ESG reporting standards. The IFRS aims to be a cornerstone for the European reporting framework, while in France, the Accounting Standards Authority introduces an initial guide for ESRS standards application.

see the following month

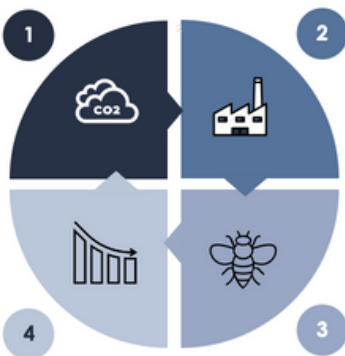


### Assessment of transition risks (CIA)

Carbon footprint  
Scope 1, 2 & 3  
Emission Savings  
Climate scenario alignment

### Web platform & Datafeed

Issuer Analysis  
Portfolio performance



### Assessment of physical risks (CRIS)

7 climate Hazards  
3 IPCC Scenarios  
2 time-horizons

### Assessment of Biodiversity risks and Impacts (BIA-GBST<sup>TM</sup>)

MSA.Km2  
Scope 1, 2 & 3  
10 Terrestrial and Aquatic pressures



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